



Export Competition

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Agriculture and Commodities Division

Export Subsidies

Definition

Article 1(e): Subsidies contingent upon export performance, including the export subsidies listed in Article 9

unlike DS reduction commitments, these are on product-specific basis

Legal Framework

- General prohibition or reduction commitments under Article 3.3 of the AoA for listed export subsidies.
- S&D: Article 9.4 - subsidies for marketing and internal transport (during the implementation period)
- Anti-circumvention provisions for non-listed export subsidies

What are listed export subsidies (listed in Article 9.1)

- Direct subsidies contingent on export performance
- Sale or disposal for export by governments or their agencies of non-commercial stocks at prices below domestic market price
- Payments on exports financed by government action (including producer financed subsidies)
- Subsidies to reduce cost of marketing, including handling, upgrading, international transport and freight
- Favourable internal transport and freight charges on export shipments
- Subsidies on agricultural products contingent on their incorporation in exported products

Anti-Circumvention

- Article 10.1 of the AoA - prevention of undermining the export subsidy disciplines
 - “Other” export subsidies not to be applied in a manner which results in or threatens to lead to the circumvention of export subsidy commitments
 - Non-commercial transactions not to be used to circumvent export subsidy commitments
 - Work towards development of agreed disciplines on export credits, export credit guarantees or insurance programmes – never agreed!
 - Principles on food aid transactions

Export Subsidy Reductions achieved in UR

	DEVELOPED	DEVELOPING
Implementation period	6 years 1995-2000	10 years 1995-2004
Cut in budgetary outlays	36%	24%
Cut in subsidized quantities	21%	14%

No reduction commitments for LDCs

Members with Scheduled Reduction Commitments

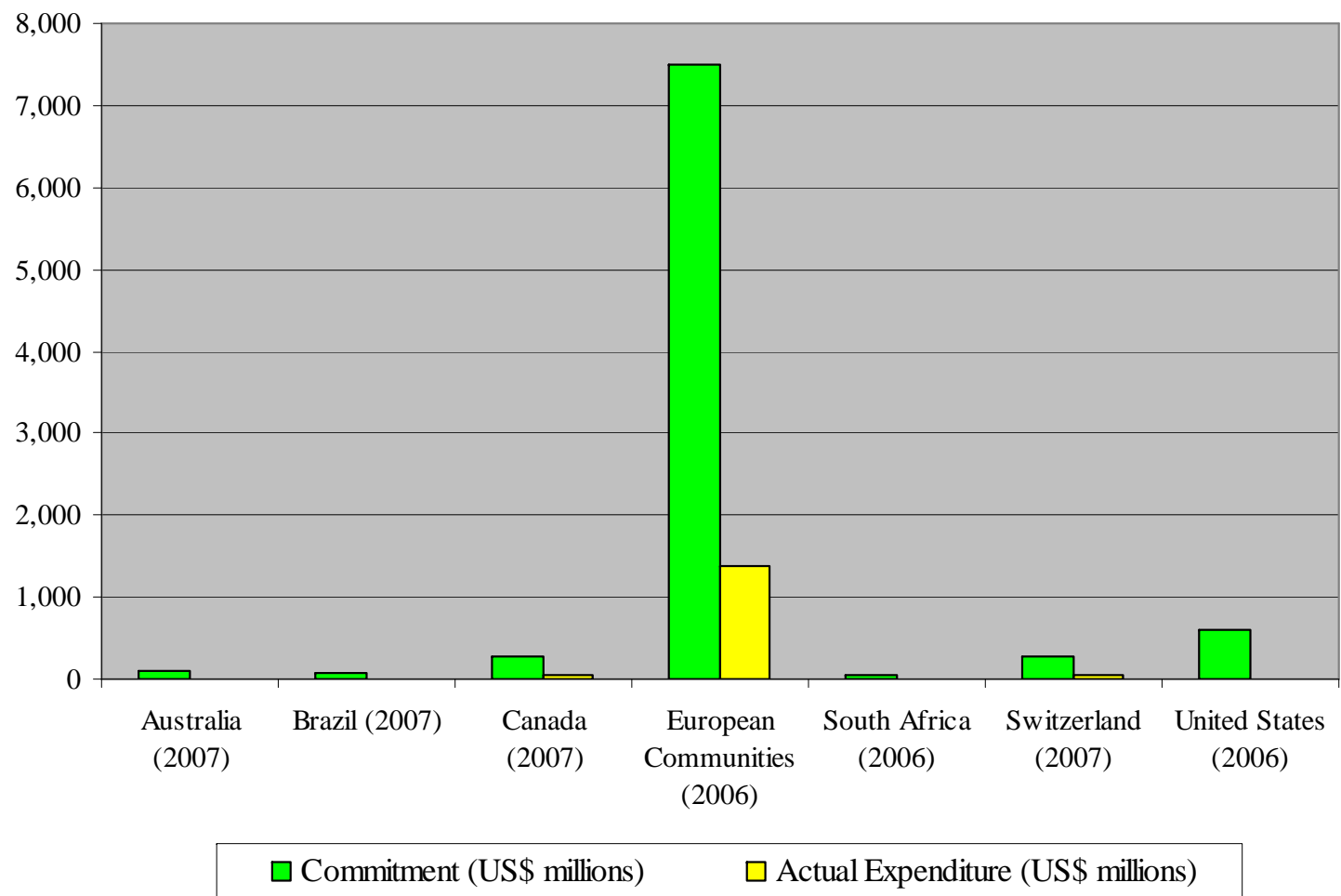
Number of products

Australia (5)	EC (20*)	Panama (1)
Bolivarian	Iceland (2)	South Africa (62)
Republic of	Indonesia (1)	Switz-Liecht. (5)
Venezuela (72)	Israel (6)	Turkey (44)
Brazil (16)	Mexico (5)	United States (13)
Canada (11)	New Zealand (1)	Uruguay (3)
Colombia (18)	Norway (11)	

7 other Members with scheduled reduction commitments have become member States of the EC.

*: for EC:15

Export Subsidy Use



Export Competition issues in the negotiations

mandate

“... reductions of, with a view to phasing out, all forms of export subsidies ...” to be completed by the end of 2013

What is included under “all forms of export subsidies”:

- ‘Listed’ export subsidies
- export subsidy element in other export measures:
 - Export credits, insurance programmes and guarantees
 - International food aid
 - Agricultural exporting state trading enterprises

Export Subsidy Elimination

	Developed Country Members	Developing Country Members
Elimination	End of 2013	End of 2016 (no reductions for LDCs)
Budgetary Outlays	50% by the end of 2010 and remaining by end 2013	Equal annual instalments
Quantity levels	Standstill at actual average 2003-05 levels – not to be used to new markets	Equal annual instalments
Article 9.4	NA	2021 (5 years after the end-date for elimination of export subsidies)

Export Credits – Key Elements

- **Maximum repayment term: 180 days**

(Longer repayment period for LDCs and NFIDCs)

- **Must be self-financing:**

When premium rates are adequate to cover the operating costs and losses of the programme over a previous 4 year (6yrs for DgC) rolling period

- **Relevant ASCM provisions would apply**

Agricultural Exporting State Trading Enterprises (STEs)

- Provisions applicable to any exporting STEs meeting the definition set out in the Understanding on the Interpretation of Article XVII
- Elimination of:
 - Export subsidies
 - Government financing of STEs
 - Government underwriting of losses
 - Monopoly powers – except if trade in product small share of world trade
- S&D – provisions for DgCs, including SVEs and LDCs to maintain or use monopoly powers

International Food Aid mandate

July Framework:

- In the context of elimination of “all forms of “export subsidies;
- Negotiations of disciplines and food aid to be provided only in conformity with those disciplines;
- Food aid disciplines to prevent **commercial displacement**

Hong Kong Ministerial Declaration

- Commitment to maintain an adequate level
- Take into account the interests of food aid recipients
- A "safe box" for bona fide food aid to ensure **no unintended impediment to dealing with emergency situations**
- Effective disciplines on **in-kind food aid, monetization** and **re-exports**

International Food Aid

➤ General disciplines

- Needs driven
- provided in fully grant form
- Not tied to commercial exports of goods or services
- Not re-exported (with exceptions)
- Primary role of recipient government

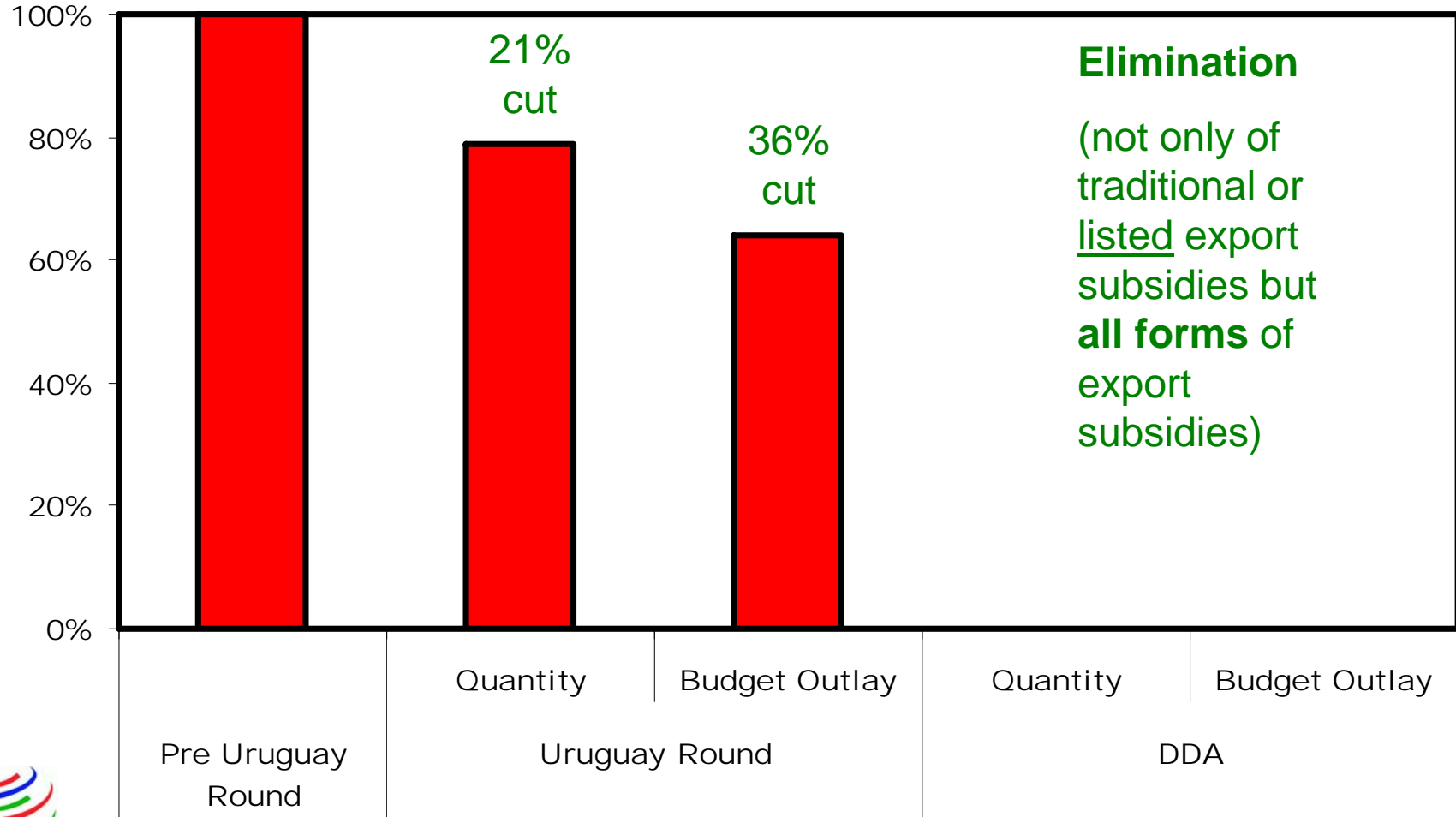
➤ Emergency Food Aid (Safe Box)

- Emergency declaration or emergency appeal combined with assessment of need by relevant UN Agency
- No monetisation except for LDCs for the purpose of transport and delivery

➤ Non-Emergency Food Aid

- Based on a targeted assessment of need
- preventing or at least minimising commercial displacement
- Monetisation prohibited except under certain circumstances

DDA negotiations: an ambitious undertaking on
Export Subsidies
Uruguay Round vs DDA



THANK YOU